

# 2007-2008 PERFORMANCE PLAN – CHIEF ACTUARY (R. Seeling)

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## *Qualitative Performance Measures*

Weight	Factor	Performance Measure	Incentive Schedule	3rd Quarter Status
20%	Actuarial Service Level Expectations	<ul style="list-style-type: none"> <li>For public agencies, complete all contract amendment cost analyses that do not require participant data changes within an average of 30 days.</li> <li>For State and Schools, complete all legislative cost analyses within the periods required by GOVA.</li> <li>Complete all Option 4 and subrogation requests within time periods established by the service level agreement with the Benefits branch.</li> <li>By October 31, 2007, mail 100% of all public agencies' June 30, 2006 annual actuarial valuation reports containing employer rates for the fiscal year 2008-09.</li> <li>By April 30, 2008, complete the annual actuarial valuations for the 1959 Survivor program, the Volunteer Firefighters Length of Service Award System, the Legislators Retirement System, and the Judges Retirement Systems I and II.</li> <li>By April 30, 2008, complete the calculation of the State employer contribution rates for the fiscal year 2008-2009.</li> <li>By April 30, 2008, complete the calculation of the School employer contribution rate for the fiscal year 2008-2009.</li> </ul>	From Schedule	<p>Amendment cost analyses for the first three quarters of the fiscal year were completed in an average time of less than 30 days.</p> <p>All legislative cost analyses were completed on schedule.</p> <p>All Option 4 and subrogation calculations were completed on schedule.</p> <p>100% of all public agency annual actuarial valuations were mailed by October 31, 2007.</p> <p>Annual valuations for these systems will be delivered to the Board in April or May of 2008.</p> <p>The annual valuation for the State plans is on schedule for delivery to the Board in May 2008.</p> <p>The annual valuation for the School pool is on schedule for delivery to the Board in May 2008.</p>

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Weight	Factor	Performance Measure	Incentive Schedule	3rd Quarter Status
20%	CalPERS response to GASB 43 and 45 – retiree medical costs	<p>Work to be done on GASB 43 and 45 as a result of Phase 3 of the current plan, i.e. actions in response to Board direction based upon the report to the Board on the next steps (such as bringing actuarial work in house). Specific known objectives are as follows:</p> <ul style="list-style-type: none"> <li>By March 31, 2008 complete a business case study to determine the feasibility of implementing a pre-funding tool for post employment medical related expenses paid by the member.</li> <li>By June 30, 2008 present the results of the business case study to the Board for direction</li> <li>By June 30, 2008 develop AVS capabilities to run OPEB valuations on a simplified basis.</li> </ul>	From Schedule	<p>All GASB 43 and 45 processes are on schedule.</p> <p>Completed on schedule.</p> <p>On schedule.</p> <p>Behind schedule: The capabilities to produce OPEB valuations are scheduled for June 30, 2010. Negotiations with GRS are ongoing to develop simplified capabilities.</p>
20%	CalPERS Enterprise-wide projects	<ul style="list-style-type: none"> <li><b>Enterprise Transition Management:</b> By June 30, 2008, develop and begin implementation of a Transition Management Plan that identifies enterprise and division specific risks and issues and a strategy for transitioning the organization to the new business environment.</li> </ul>	From Schedule	<p>On Schedule: Updated the Current State Assessment. Identified requirements and functionality for Transition Management. Defined a high level structure for the Transition Management Preliminary Plan. Developed and presented conceptual organizational design to Executive Staff, which will outline decision-making and integrating mechanisms.</p>

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Weight	Factor	Performance Measure	Incentive Schedule	3rd Quarter Status
	CalPERS Enterprise-wide projects (cont.)	<ul style="list-style-type: none"> <li>• <b>Customer Service:</b> By June 30, 2008, develop and implement a cross-divisional Escalated Customer Inquiry Improvement Plan to improve customer satisfaction and the timely resolution of such inquiries. By June 30, 2009, our target would be to complete 85% of escalated inquiries within 10 days.</li> <li>• <b>Quality Assurance:</b> By June 30, 2008, ensure the development of a Quality Assurance Strategy and Implementation Plan to improve the accuracy of information provided to our customers.</li> <li>• <b>Employer Education:</b> By June 30, 2008, ensure the development of a new External Training Strategy and Implementation Plan that will reduce errors submitted by employers and improve the accuracy of members' benefits.</li> <li>• <b>Employer Satisfaction:</b> By June 30, 2008, complete an Employer Survey to assess employer satisfaction with CalPERS services, and ensure the development of recommendations for action.</li> </ul>		<p>On Schedule: Plan signed off by chiefs from CSED, BNSD, MBSD, ERSD, EMHS, HPA, and ACTO. Implementation is currently scheduled to be completed by 6-15-08.</p> <p>On Schedule: Feedback received from direct reports incorporated into the draft plan. Revised draft submitted to senior management.</p> <p>On Schedule: Presented proposed training strategy to impacted staff and incorporated their feedback into the plan. Unit realignment was successfully implemented.</p> <p>On Schedule: Draft survey instrument and employer notification finalized.</p>

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Weight	Factor	Performance Measure	Incentive Schedule	3rd Quarter Status
15%	Pension System Resumption	<p>Continue as co-Executive sponsor of this project to ensure that the following objectives are completed. Specific objectives for the project for fiscal 2007-08 include:</p> <ul style="list-style-type: none"> <li>• By October 30, 2007, obtain approval of the initial "To Be" Process Model and General System Requirement Specifications.</li> <li>• By December 31, 2007, complete and implement Phase 1 of the Technical Architecture.</li> <li>• By March 31, 2008, complete General System Design Phase and commence application development.</li> </ul>	From Schedule	<p>Behind Schedule:</p> <p>Completed on schedule.</p> <p>Completed on schedule.</p> <p>Five schedule issues raised by Accenture resulted in an extension of the schedule by nine weeks and an increase in overall project budget by 1.5 %. General Design completed on January 18; CalPERS invested more than 74,000 staff hours in this effort. The General Design deliverable, which consisted of 15,000+ pages of business process documentation, was published on February 19. The End-to-End Team, 11 Division Coordinators and 70 Subject Matter Experts spent more than 5,000 hours reviewing this design documentation. CalPERS thoroughly reviewed over 90% of the General Design materials, successfully validating that the design addressed all critical CalPERS business functions. The remaining 10%, which represents less critical business processes, was reviewed at a high level and will be re-visited during Detailed Design. No major gaps in functionality or</p>

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Weight	Factor	Performance Measure	Incentive Schedule	3rd Quarter Status
	Pension System Resumption (cont.)	<ul style="list-style-type: none"> <li>By June 30, 2008, complete and implement Phase 2 of the Technical Architecture.</li> </ul>		<p>business processes were found in the General Design. This major deliverable is schedule for formal acceptance and approval on April 22.</p> <p>Schedule extended by 3 weeks.</p>
15%	CalPERS Educational Forum	By October 31, 2007, complete the 2007 Educational Forum and obtain an average satisfaction rating of 4.0 or higher on a scale of 1 to 5 of all completed attendee evaluations.	From Schedule	Completed on schedule with an average satisfaction rating of 4.69.
10%	Special Projects	<p>Complete the task below as well as all unplanned tasks assigned by the Board or the Chief Executive Officer by the deadlines assigned.</p> <p>By March 31, 2008, conduct a review of the current state and public agency rate setting methodology and provide recommendations to the Benefits and Program Administration Committee that will (1) continue to minimize the volatility in the employer's contribution and (2) minimize average future employer contributions as the Plan moves closer to full funding.</p>		Completed - presented to the Board in March.
100%	Total	Qualitative Measures		

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## INCENTIVE PLAN CHANGE TEMPLATE

Name Ron Seeling

Position Chief Actuary

### Modification of Performance Measure

Recommend the Performance Measure(s) listed below be modified as indicated:

Description in Current Incentive Plan:

Weight	Factor	Performance Measure	Incentive Schedule
15%	Pension System Resumption (PSR) Project	Continue as co-Executive sponsor of this project to ensure that the following objectives are completed. Specific objectives for the project for fiscal 2007-08 include: <ul style="list-style-type: none"><li>• By October 30, 2007, obtain approval of the initial "To Be" Process Model and General System Requirement Specifications.</li><li>• By December 31, 2007, complete and implement Phase 1 of the Technical Architecture.</li><li>• By March 31, 2008, complete General System Design Phase and commence application development.</li><li>• By June 30, 2008, complete and implement Phase 2 of the Technical Architecture.</li></ul>	From Schedule

Proposed description (changes shown in **bold**):

Weight	Factor	Performance Measure	Incentive Schedule
15%	Pension System Resumption (PSR) Project	Continue as co-Executive sponsor of this project to ensure that the following objectives are completed. Specific objectives for the project for fiscal 2007-08 include: <ul style="list-style-type: none"><li>• By October 30, 2007, obtain approval of the initial "To Be" Process Model and General System Requirement Specifications.</li><li>• By December 31, 2007, complete and implement Phase 1 of the Technical Architecture.</li><li>• <b>By May 31, 2008, complete General System Design Phase and commence application development.</b></li><li>• By June 30, 2008, complete and implement Phase 2 of the Technical Architecture.</li></ul>	From Schedule

### Reason for proposed change:

On December 20, 2008, Accenture submitted five formal escalation issues, which were resolved on January 31, 2008. To address all issues as a single negotiated resolution, CalPERS and Accenture agreed to the following: The Project Schedule will be extended nine (9) weeks. As part of this extension the Final System Implementation date will be extended nine (9) weeks and the schedule dates for all interim deliverables and milestones will be adjusted appropriately. The PSR implementation date will be adjusted from September 30, 2009, to November 30, 2009. The nine (9) week extension changes the General Design Phase end date from March 31, 2008 to May 31, 2008.